

Calculating Principal, Interest, Taxes, and Insurance (PITI)

PART I	Step 1	Insert your Annual Gross Income	1	_____
	Step 2	Divide Line 1 by 12 to determine your monthly income	2	_____
	Step 3	Multiply Line 2 by 41% for house payment plus all other debts	3	_____
	Step 4	Enter total monthly debt for installment and revolving loans	4	_____
	Step 5	Subtract Line 4 from 3 for your maximum PITI	5	_____
	Step 6	Multiply Line 2 by 30% for house expense (PITI)	6	_____
	Step 7	Enter the lesser of Line 5 and 6. This is the amount available for PITI.	7	_____

Calculating Taxes and Insurance

PART II	Step 8	Enter the amount listed on Line 7	8	_____
	Step 9	Multiply 8 by 20% and enter the amount on Line 10	9	x .20 _____
	Step 10	Line 10 is the amount of taxes and insurance portion of PITI	10	_____
	Step 11	Subtract Line 10 from the PITI from Line 8 to determine PI	11	_____
Line 11 represents the monthly PI (principal and interest payment). The final step is to determine the loan amount the lender will loan to you.				

Calculating the Loan Amount Based on the Monthly Payment Amount

PART III	Step 12	Enter the PI from Line 11	12	_____
	Step 13	Depending on the loan for which you qualify, determine the applicable factor from the factor table below.	13	_____
	Step 14	Divide Line 12 by Line 13 and enter amount in Line 14.	14	_____
	Step 15	Multiply Line 14 X \$1000. This is the PI loan amount	15	_____
Line 15 represents the loan amount for which you qualify.				

1 Locate interest rate desired

Locate term

Interest Rate	15 Year Mortgage	30 Year Mortgage
6.00%	\$8.44	\$6.00
6.50%	\$8.71	\$6.32
7.00%	\$8.99	\$6.65
7.50%	\$9.27	\$6.99
8.00%	\$9.56	\$7.34
8.50%	\$9.85	\$7.69
9.00%	\$10.14	\$8.05
9.50%	\$10.44	\$8.41
10.00%	\$10.75	\$8.78

3 Identify intersection of term and interest to determine the applicable factor